



2025 Rep of the Future



Driving for More

The Short Answer

Invest

1. People

- Generate Demand
- Today and Tomorrow

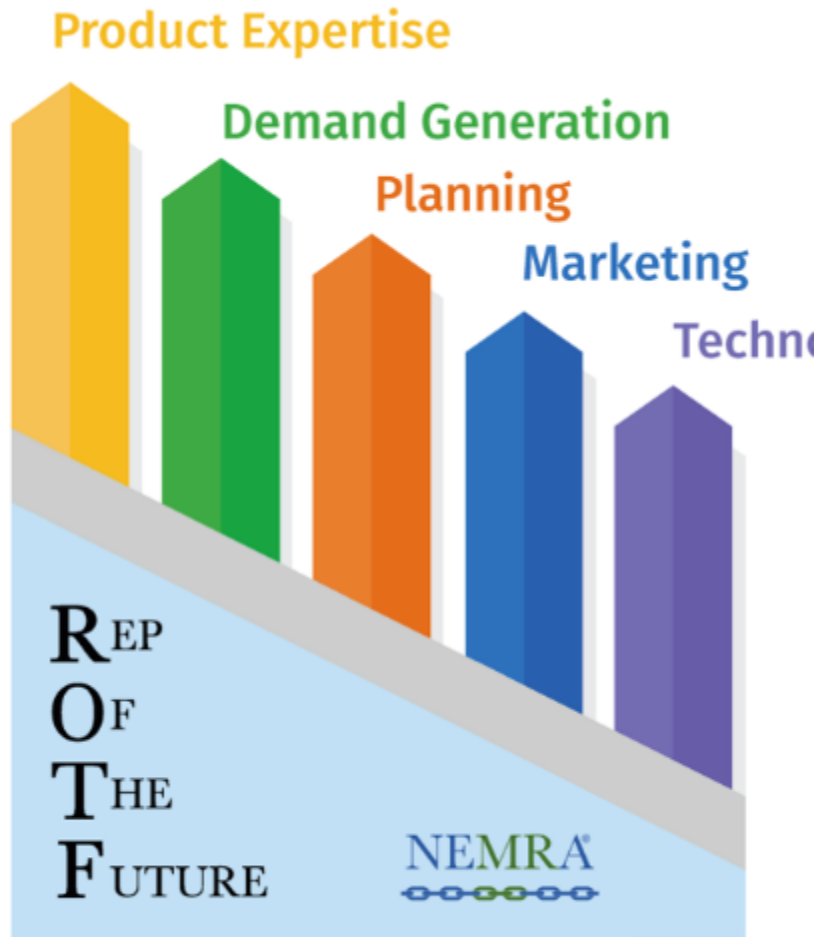
2. Process

- Tech to Track
- Tech to Connect



But That's The Easy Story!

5 Pillars



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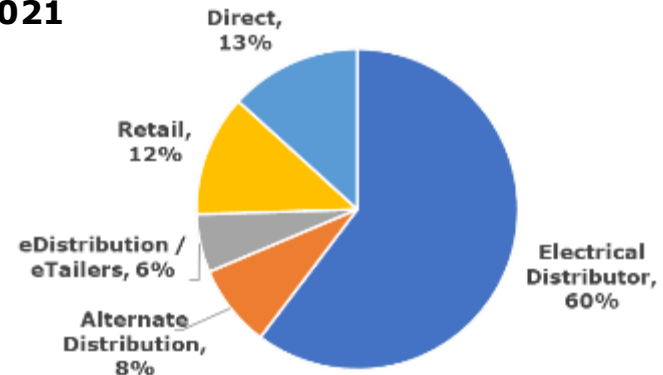
What's Changed

- ▶ Covid
- ▶ Operating Costs Increase
 - New Tools
 - People
- ▶ Manufacturers Expectations
 - Expectations
 - Operational Support
 - Services
 - End-user / Influencer Interaction
 - Performance & Support
 - Compensation
- ▶ Consolidation & Distributor Model
- ▶ Bottom Line ... More Costs

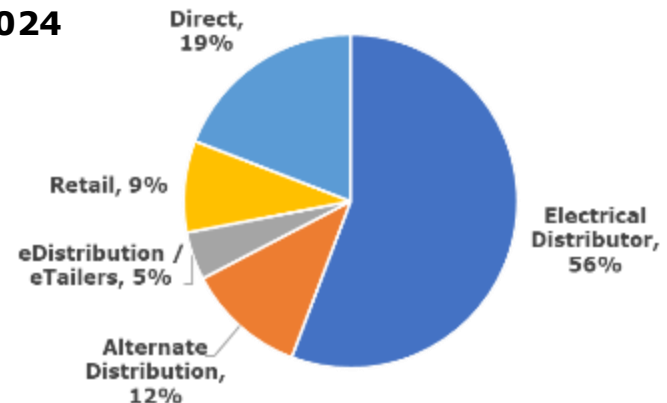
Your Market

- ▶ 5.5% CAGR
 - ▶ Share via ED Declining
 - ▶ Increased \$ to Other Channels
1. Where / How Are Customers Buying?
 2. What Are They Buying?
 3. What is Your Core Competency?

2021



2024



Plus ... Age

- ▶ Exit Planning
- ▶ Succession Planning
 - Multiple Levels
 - Coaching / Mentoring
 - Training
 - Retention
 - Recruitment



Rep Ownership

- ▶ Independents
 - Regionals
 - Quasi National
- ▶ Ownership Structure
 - Sub S, Partners, ESOPs, JVs, PE
 - Multi-Industry
 - Manufacturer-Funded
 - Alternative Funding / Financial Support of New Ownership

3 Choices



The Business is Changing

1. Hold on and Hope
2. Slowly Lose Grip
3. Grip and Jump

Control Your Destiny

The Rep Conundrum



Manufacturer of the Future



Manufacturer of The Future Report

Executive Summary

A NEMRA Strategic Advisory Council Initiative
(August 2024)



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- ▶ Insights from Your Customers
- ▶ Key Topics
 - Their View of Change
 - Want in Tomorrow's Agents
 - Your Role
 - Expectations of Frictionless & Usage of Tech & Data
 - People Development

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Tomorrow's Reps

- **Focus more on end-users**
- **Possess effective marketing skills**
- **Operate efficiently ...**
embrace technology
- **Invest in their team**



Roles of Tomorrow's Rep



- ▶ Business Leader
- ▶ Distribution facilitator
- ▶ Operationally Efficient / Frictionless
- ▶ Business analytics
- ▶ Trainer
- ▶ Marketing
- ▶ Field product specialists
- ▶ Individuals dedicated to calling on end-users / contractors.

FRICTIONLESS



- ▶ Role of RSM is jointly understood, valued and is empowered to make decisions
- ▶ Manufacturer culture is rep empathic
- ▶ Valued / valuable reporting
- ▶ Easy access to information
- ▶ A quotation process that responds timely & accurate
- ▶ Response customer / tech support
- ▶ Accurate data
- ▶ Fair compensation that is holistic given responsibilities
- ▶ Bi-directional planning

TechTools



- ▶ CRM
- ▶ Direct Connect
- ▶ Text Management
- ▶ Marketing
- ▶ Analytics
- ▶ Market Insights
- ▶ Commission Admin
- ▶ Warehouse



- ▶ Research
- ▶ Analytics
- ▶ Customer service
- ▶ Cross references
- ▶ ChatBot
- ▶ Training
- ▶ VR

DATA, DATA, DATA



BIG DATA

- **Whose Is It?**
- **A Valuable Commodity**

People Development



- ▶ Aging of principals;
Leadership development
- ▶ Higher sales
management turnover
rates within
manufacturers
- ▶ Agency recruitment
challenges
- ▶ Less experienced staff
supported by nominal
“electrical basics”
training
- ▶ Interests in new training
methodologies



Where is ...





2025 Rep of the Future



Driving for More

2025 Takeaways

1. Double down
2. Evolution to Professional Demand Generation **PLUS** Sales
3. “Serve” the Customer
4. What’s Your Model?

Other Elements

Manufacturer of the Future

1. Partnership vs Strategic vs Tactical Relationships
2. Demand Generators ... to Whom
3. People
4. Frictionless Operations
5. Technology



What is Sales?

- ▶ Definition includes:
 - Quoting a price
 - Writing the order
 - Collecting payment / customer committed to paying your company
- ▶ Rarely happens today

But It's Here & Coming

Evolution of Manufacturer Reps



Traveling Salesman



Group of Distribution-Focused Salespeople



Supported Team



Reluctant Servers



Embracing “Customers”



Professional Demand Generation (& Sales) Organizations

Talking to Manufacturers & Reps

Manufacturers

- ▶ Staffing
- ▶ Data Data Data
- ▶ Training
- ▶ Call on End-Users
 - Activities!
- ▶ Big vs Small
 - Difference in Styles
 - Resources
 - Ease vs Profitability
- ▶ Boundless Territories
- ▶ Concern about Rep Options

Reps

- ▶ Relationship Culture
 - Manufacturer Empathy
 - Talk to, not at. Share, not inform.
 - RSM – Should that be a role?
 - Manufacturers focus on Today. Reps focus on Customer.
- ▶ Talent Development
 - Training
- ▶ Contracts & Compensation
 - Amount of Reporting
 - POS
 - Contract Equity

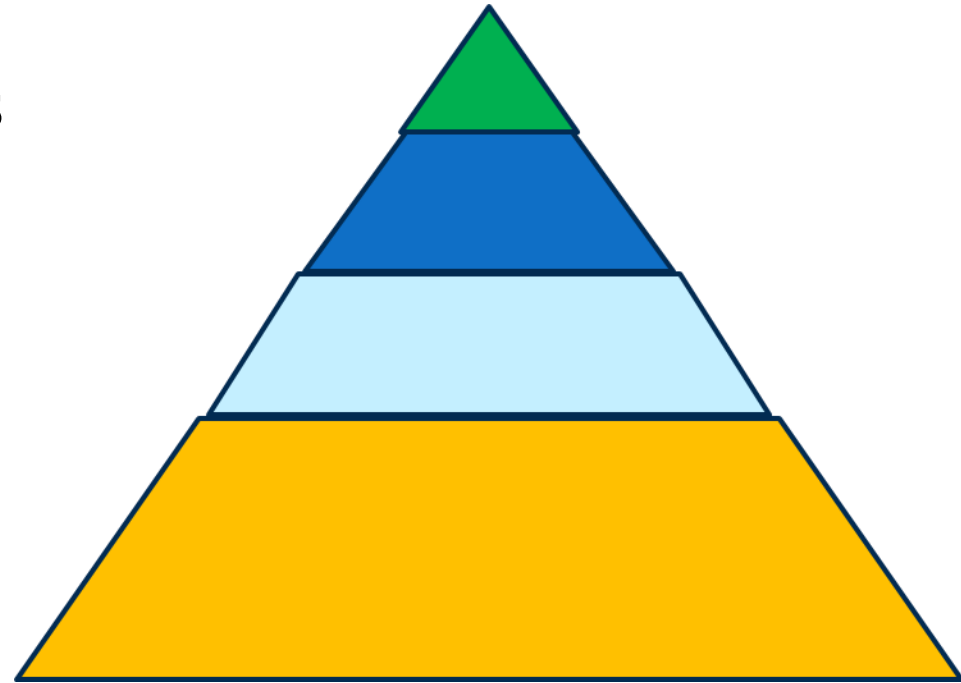
5 Years from Now

▶ Platforms

- 4 – 6* Mega Agencies
- 30-40* Regionals
- 1-4 States

▶ Models

- Holistic
- Vertical
- Diversified
- Opportunistic



* Projections exclude lighting agents

-
- ▶ More Manufacturers
 - New Categories
 - Overseas
 - ▶ 20-25% Less Reps
 - ▶ Where's the Rep Development Pipeline?

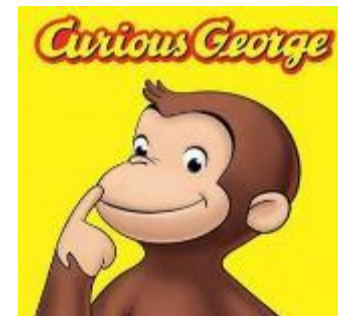
Investing for Tomorrow, Today

▶ People

- Where?
- Managing Generations
- Training
- Cost

▶ Technology

- Optimize Existing
- Cost to Maintain
- Investing in New
- AI
- Data Sharing ... Trust
 - Analytics ... Say / Do
 - Access to Channel Information



Manufacturer Service Expectations

1. Role at Distribution

- Larger Manufacturers Move to ABM / Strategic Accounts
 - Rep Role = Execution
 - Manage Distributors / Branches
 - “Serve” Branches
 - Train Distributor Personnel
- Other Manufacturers Need Project / Branch Business

2. Create Demand ... Fill the Pipeline

- Call on Buyers & Influencers

TRACK TRACK TRACK ... PROVE IT

Tomorrow's Sales Organization

- ▶ Size Dictates Model
 - Inside Group ... Customer Service? Inside Sales?
 - Line Champions? Product (Mfg) Managers?
 - Application Specialists
 - Engineering Resources
 - Dual Outside Sales
 - Distribution Specialists vs Contractor vs Industrial?
 - Lighting vs Non-Lighting vs Project (Spec)
 - Project Management Groups

PEOPLE PEOPLE PEOPLE
More Resources

Commodity / Construction Heavy

- ▶ Pigeonholed
 - What is Manufacturer Value Proposition
- ▶ Tough to differentiate
- ▶ Tough to diversify
- ▶ Service vs Sell

Project Circle of Life:

How do “we” create demand?

Who are “our” customers?

What is their role in the project?

1. Rep / Agent

- Manufacturer sales team

2. Electrical Contractor:

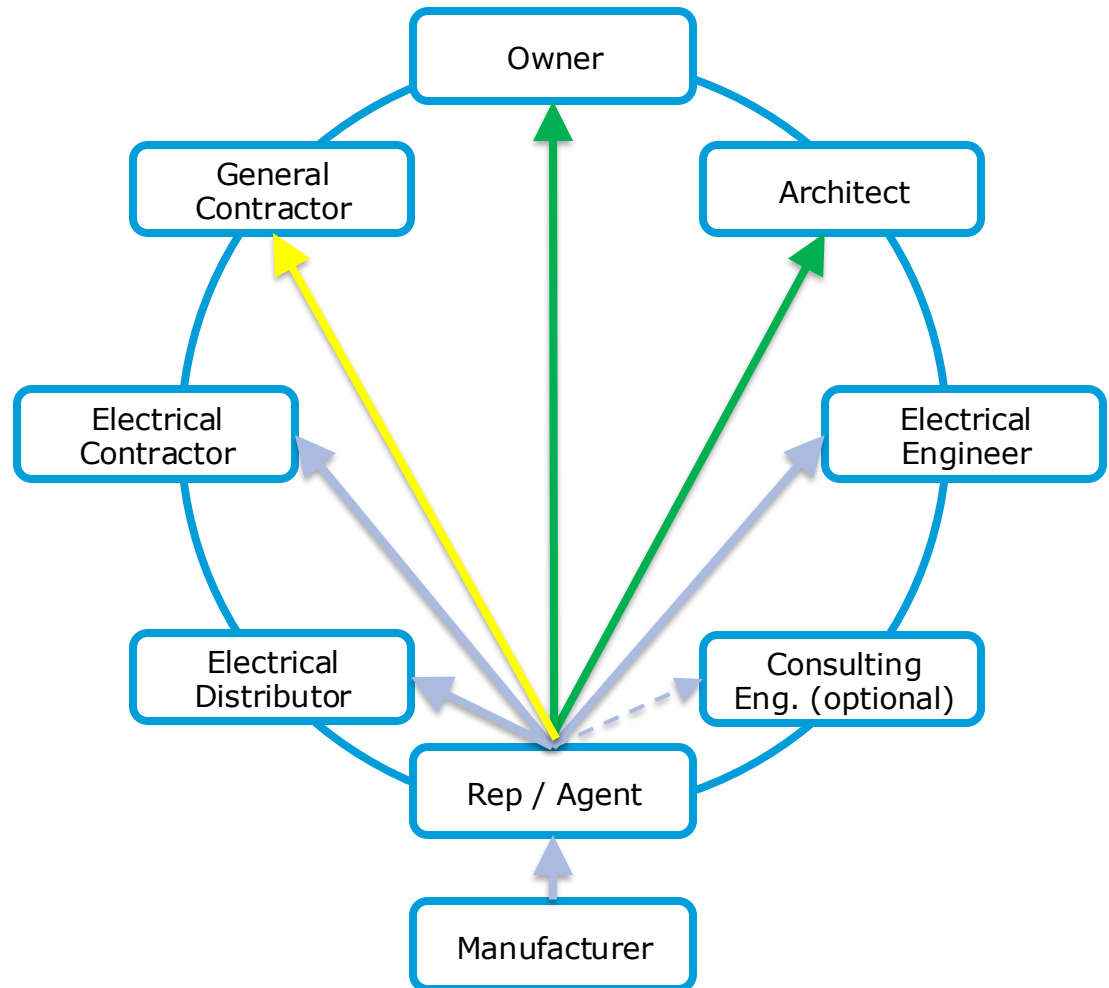
- Most critical cohort for “who” wins a project.

3. Electrical Engineer:

- Support for the spec development phase to influence the design and strength of specification in our direction.

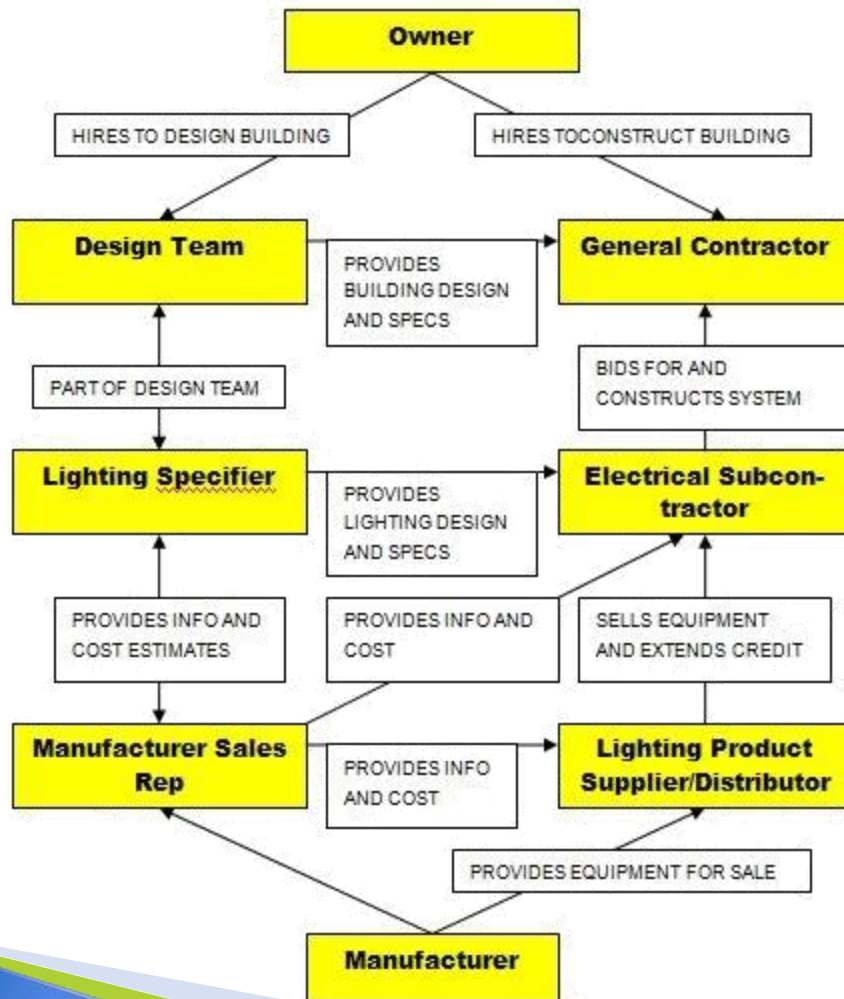
4. Electrical Distributor:

- Decision maker for small projects only
- Availability, price and familiarity drive small project decisions
- Dictated to by Electrical Contractor for what manufacturer to purchase for medium and large projects



The Lighting GTM & Key Contacts

Traditional design and delivery process. Source: U.S. Department of Energy, *Vision 2020: The Lighting Technology Roadmap*.



Changing Dynamic

- New Construction vs Renovation
- Spec vs Value Engineering vs Value Lines
- Design / Build Contractors
- ESCOs
- Distributor Lighting / Control Specialists
- The Question Isn't ... *How to Get "Ahead" of the Curve?*
- It's "*How to Get Infront of Each Influencer?*"

Thinking Outside

- ▶ Diversification
 - Leverage Systems
 - Market Knowledge
 - Devoted to Electrical Distribution?
- ▶ Explore
 - Technology Tools
 - Frictionless Operations ... Hybrid
- ▶ Metrics
 - ROI ... Return on Inventory
 - Manage Your “Assets”



Planning Insights

Planning Elements

- ▶ Marketplace Insights
 - Your Market
 - Your Share
 - Your Distribution Environment
 - End-User Market Dynamics
 - Competitive Environment
- ▶ Business Plan
 - Goals
 - Investments
 - Marketing
 - Personnel
- ▶ Manufacturer
 - Marketing Plan
 - Sales Plan
 - Request

Data & Insights Powered by **DISC**

- ▶ Residential Construction & Improvements
- ▶ Medical Construction
- ▶ Communications Market
- ▶ Energy Storage
- ▶ Energy Capacity by Sector
- ▶ Energy Consumption by End-User Forecast
- ▶ Changing Landscape of Renewables



Rep Marketing ... Today



► Why

- Amplify Manufacturer Marketing
- Promote USP
- Support Distributor Initiatives
- Demand Generation Tool
- Tailored to Local Market
 - Vertical Marketing
 - Integrated Selling Strategies
- Information Disseminator

► Need a Marketing Plan

- Present it
- Rep Marketing Menu
- Request Marketing Funds

Demand Generation Marketing

Planning

Analysis

Research

Targeting

Service
Development

Value Proposition

Messaging

Vertical
Understanding

Product
(Manufacturer)
Marketing
Management

Metric Consideration



- ▶ Commission \$ / Invoice
- ▶ ROI by Distributor
- ▶ ROI by Supplier
- ▶ Sales Satisfaction Index
- ▶ Distributor Satisfaction Index
- ▶ Plus "Basic" Business
- ▶ Other

Focus, Verticalize, Diversify, Expand



Need for Revenue Drives Expansion

1. Territory vs Segments?
2. Who Drives Territory Expansion?
3. Segments
 - Leverage Core Competency
 - Electrification? Power Generation?
 - Lighting, Utility, Comm,
 - Follow Customer Diversification
 - HVAC, Tools, Jan San, Electronic

Your Competition

1. TeleSales + Direct Marketing to Distribution
2. TeleSales + Direct Marketing to Contractors
3. Selective Direct Sales Force Deployment
4. Other Industry Reps
5. Multi-Manufacturer-Owned Agencies
6. Start-Ups
7. Multi-Manufacturer-Funded Agencies
8. Sub-Agency Relationships
9. Shared Services Models
10. Sub-Agencies



***“Can’t We Come To An
Understanding”
Or
“Are Manufacturers from Mars
and Reps / Agents from
Venus”?***

Remember ... No Answers!!

- ▶ No Line Conflicts?! No Solution
- ▶ Compete for Line vs Line Compete for You?
- ▶ Is Your Value Proposition Sellable? At a Premium?
- ▶ Multiple Masters ... Many Micro Managers
 - Want Activities or \$. Trust or Verify?
- ▶ Damn Customers Don't Respond / Decide When Manufacturer Needs Them To!
- ▶ RSMs ... Need a Separate Session
- ▶ If manufacturers feel that there are specific skillsets needed in their rep network, what are they doing about it other than TALK? What investment is needed?
- ▶ Bigger companies have bigger expectations. Companies "wanna be" big, push expectations. Smaller companies ... need to recognize or invest.
- ▶ Reps are not an entity. "They" are a manufacturer's salespeople.

Contracts



- ▶ Mutually Protective
- ▶ Services in Addendums
- ▶ 30 Days? Preferred Relationships?
- ▶ 1 Size Does Not Equal All

Don't Review
Don't Ask
Don't Get

[illegible]

▶ The Business is About

- Market Share
 - “Why Me?”

Demand Generation

+ Ease of Doing Business

+ Relationship

Your Value

Small Rep?

- ▶ Time Frame?
- ▶ Energy?

1. Information & Emotional Favorite

- Line aggregator
- eMarketer
 - Product information disseminator, local brand builder
- Service the Branch
- Engage local contractors
- New technology

2. Follow Passion

Investing for Success

- ▶ Small
 - Marketing
- ▶ Medium
 - People & Infrastructure
- ▶ Large
 - Marketing
 - Services
 - Next Generation Technology

What Do You Want Your Future To Be?

- ▶ Goal is to show paths to YOUR future
 - Today's agency does not need to be YOUR tomorrow
 - What are YOUR goals?
- ▶ Can "Remake" Your Agency
- ▶ Must Have a Strategy
- ▶ Must Decide if Want to Invest (Time & Money)
- ▶ Do you Have the Resources

Closing

1. More Expectations, More Services, Less Net Revenue
2. Less Reps, More Manufacturers
3. Quality People Migrating to Reps ... Stability
4. Focus on Demand Generation
5. Diversification of Income Stream
6. 5 Pillars Are Your North Star
7. Direction Tied to Your Goals

Opportunities Abound



Information **O**bservation **I**nights

